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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/666,866	09/19/2003	James R.W. Phillips	XTEN-1-1015	8477
25315	7590	02/28/2008	EXAMINER	
BLACK LOWE & GRAHAM, PLLC 701 FIFTH AVENUE SUITE 4800 SEATTLE, WA 98104				MYHRE, JAMES W
ART UNIT		PAPER NUMBER		
3622				
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/666,866	PHILLIPS ET AL.	
	Examiner	Art Unit	
	JAMES W. MYHRE	3622	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 03 January 2008.

2a) This action is **FINAL**. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-24 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-24 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____.

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.

5) Notice of Informal Patent Application

6) Other: _____.

DETAILED ACTION

Response to Amendment

1. This Office Action is in response to the amendment filed on January 3, 2008. The amendment did not add nor delete any claims, but did amend Claims 1, 3, 9, 17, and 22. Thus, Claims 1- 24 remain currently pending and have been considered below.

Claim Rejections - 35 USC § 112

2. The amendment filed on January 3, 2008 amended Claims 3 and 22 overcoming the rejections of these claims in paragraphs 4 and 5 of the October 3, 2007 Office Action. Thus, the Examiner hereby withdraws those rejections.

Claim Rejections - 35 USC § 102

3. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

4. Claims 17-24 are rejected under 35 U.S.C. 102(b) as being anticipated by Walker et al (6,119,099).

Examiner's Note: It appears that the Applicant is attempting to invoke 35 U.S.C. 112, 6th paragraph by using means-plus-function language in Claims 17-24 ("means for

receiving", "means for calculating", "means for submitting", etc.). In order to successfully invoke the 6th paragraph, a claim must pass a three-prong test. First, the claim itself must contain means-plus-function language. Second, the claim must not contain structural limitations to the means. Third, the specification must explicitly point out and define the physical structural limitations of the means. While the above claims pass the first of the three prongs by using "means for receiving" etc., the claims do not pass the second of the three prong test by including the structural limitation in the preamble of Claim 17 that the means are instructions (i.e. a computer program). Thus, none of the claims successfully invoke the 6th paragraph. Therefore, the Examiner will consider the claimed means as any physical or virtual means for performing the related function.

Claim 17: Walker discloses a computer readable medium containing computer instructions for performing steps, comprising:

- a. receiving a request to purchase a first item from a customer (column 2, lines 19-44 and column 6, lines 5-13);
- b. calculating a discount on a second item after the request to purchase the first item has been received (column 2, lines 19-44 and column 6, lines 30-54);
- c. receiving a request and confirmation to purchase the second item (i.e. acceptance of the offer by the customer)(column 2, lines 19-44 and column 6, lines 30-54); and

d. fulfilling the order to complete the purchase of the first and second items in accordance with the order (column 2, lines 19-44 and column 6, lines 30-54).

Claim 18: Walker discloses a computer readable medium as in Claim 17 above, and further discloses displaying information relating to the first item to the customer (column 2, lines 19-44 and column 6, lines 30-54).

Claim 19: Walker discloses a computer readable medium as in Claim 17 above, and further discloses calculating a discount for the second item based on the first item (column 2, line 19-44 and column 6, lines 30-54).

Claim 20: Walker discloses a computer readable medium as in Claim 19 above, and further discloses calculating a discount for the second item based on the price of the first item (column 2, lines 19-44 and column 6, lines 30-54).

Claim 21: Walker discloses a computer readable medium as in Claim 17 above, and further discloses calculating a discount for the second item based on the identity of the second item (column 2, lines 19-44 and column 6, lines 30-54).

Claim 22: Walker discloses a computer readable medium as in Claim 21 above, and further discloses calculating a discount for the second item based on the price of the second item (column 2, lines 19-44 and column 6, lines 30-54).

Claim 23: Walker discloses a computer readable medium as in Claim 17 above, and further discloses displaying information relating to the second item to the customer (column 2, line 19-44 and column 6, lines 30-54).

Claim 24: Walker discloses a computer readable medium as in Claim 17 above, and further discloses displaying information including the price of the first and second items and the discount to the customer (column 2, lines 19-44 and column 6, lines 30-54).

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1-16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al (6,119,099) in view of Swartz et al(6,837,436).

Claims 1 and 9: Walker discloses a system and method, comprising:

a. receiving a request to purchase a first item from a customer (column 2, lines 19-44 and column 6, lines 5-13); and

b. offering a discount for the purchase of a second item based on the previously received indication to purchase the first item (column 2, lines 19-44 and column 6, lines 30-54).

Walker discloses a merchant offering one or more items for sale to the customer, but does not explicitly disclose offering the items via an Internet server. However, Swartz discloses a similar system and method for offering a discount for a second item via an Internet server (column 10, lines 23-49; column 12, line 32 – column 13, line 34; and column 33, lines 56-59). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Walker to include “virtual” merchants (i.e. merchants on the Internet) as the selling entities. One would have been motivated to present the items and to complete the transaction over the Internet in order to expand the realm of potential customers and in view of Walker’s disclosure that the point-of-sale terminal may be “many types of POS terminals, besides those requiring cashiers” (column 13, lines 65-67).

Claims 2 and 10: Walker and Swartz disclose a system and method as in Claims 1 and 9 above, and Walker further discloses calculating a discount for the second item based on the first item (column 2, line 19-44 and column 6, lines 30-54).

Claims 3 and 11: Walker and Swartz discloses a system and method as in Claims 1 and 9 above, and Walker further discloses receiving a selection of the second item (i.e.

acceptance of the offer by the customer) and supplying the second item price (column 2, lines 19-44 and column 6, lines 30-54).

Claims 4 and 12: Walker and Swartz disclose a system and method as in Claims 3 and 11 above, and Walker further discloses calculating a discount for the second item based on the price of the second item (column 2, lines 19-44 and column 6, lines 30-54).

Claims 5 and 13: Walker and Swartz disclose a system and method as in Claims 3 and 11 above, and Walker further discloses receiving a request to purchase the second item (i.e. acceptance of the offer by the customer) and compiling the purchase order for the first and second items(column 2, lines 19-44 and column 6, lines 30-54).

Claims 6 and 14: Walker and Swartz disclose a system and method as in Claims 5 and 13 above, and Walker further discloses applying the discount to the order (column 2, lines 19-44 and column 6, lines 30-54).

Claims 7 and 15: Walker and Swartz disclose a system and method as in Claims 6 and 14 above, and Walker further discloses presenting the compiled order to the customer and receiving confirmation from the customer (column 2, lines 19-44 and column 6, lines 30-54).

Claims 8 and 16: Walker and Swartz disclose a system and method as in Claims 5 and 14 above, and Walker further discloses submitting the order for fulfillment to complete the purchase (column 2, lines 19-44 and column 6, lines 30-54).

Response to Arguments

7. Applicant's arguments filed January 3, 2008 have been fully considered but they are not persuasive.

a. The Applicant argues that Walker does not calculate a discount on the purchase price on a second item (pages 7-8). However, the Examiner notes that Walker discloses calculating the difference between the sales price of the first item being purchased by the customer and the amount tendered (i.e. the round-up amount). This amount is then cross-checked with the upsell prices in the upsell database. The upsell database contains an upsell price or range of prices for each upsell item. For example, in Figure 3, table 28 shows the regular retail prices for the items and table 30 shows the upsell price range for an item which is the range of prices between the wholesale cost and the difference between the retail prices of a small soda and a large soda (90 cents minus 55 cents). Item 74 shows the round-up amount which is the difference between the retail cost of the first item and the amount tendered by the customer. Upon receiving an indication that the customer wants to purchase the first item (small soda), the system calculates the round-up amount, looks in the upsell database to see if there is a matching upsell - - one whose upsell price range encompasses the round-up price. If a match is found, the customer is offered the

second item (upsell) for a discount price equal to the round-up amount. In the example shown in Figure 3, this would result in the customer receiving a 7 cent discount on a large soda. In Figure 4, Walker discloses that instead of receiving a discount on a replacement item (large soda instead of a small soda), the discount can be for a completely different second item. For example, Upsell Code B (see Column 104) shows if the round-up amount is between 50 cents and 80 cents, the customer would be offered an upgrade to an extra large soda, an upgrade to a deluxe taco, and/or a coupon for a free taco. The discount price to the customer for upsell item would be equal to the round-up amount. Thus, Walker discloses calculating a discount on the second item.

b. As per the argument that the discount on the second item not being offered "after the request to purchase the first item has been received" (page 8), the Examiner notes that since Walker first calculates the difference between the price of the first item and the amount tendered, i.e. the round-up amount, it is inherent that the discount offer for the second item cannot be made prior to the customer's selection of the first item.

c. The Applicant also argues that Walker does not disclose "calculating a discount on the second item is based on the identity or the price of the first item" (page 8). The Examiner notes that Walker explicitly uses the price of the first item and the amount tendered by the customer to determine the round-up amount, which then becomes the discount price of the second item. (Inherently, the difference between the retail price of the second item and the discount price is the discount amount.) There is

no difference between saying that the customer can buy the second item (with a retail price of \$2.00) for \$1.90 or saying that the customer can buy the second item and get a 10 cent discount.

Conclusion

8. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES W. MYHRE whose telephone number is (571)272-6722. The examiner can normally be reached on Monday through Thursday 6:00-3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (571) 272-6724. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

JWM
February 19, 2008

/James W Myhre/
Primary Examiner, Art Unit 3622